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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 17, 2012

Elizabeth Williams
Ashley Creek Properties
PO Box 58031
Salt Lake City, Utah 84158

Steve Horvat
Utah Phosphate Company
4582 South Ulster, Suite 1700
Denver, Colorado 80237

Subject: Deficient Application for Transfer of Notice of Intention (Form MR-TRS), Ashley Creek Properties LLC, Ashley Creek Mine, S/047/0105, Uintah County, Utah

Dear Ms. Williams and Mr. Horvat:

On December 23, 2011, the Division of Oil, Gas and Mining received an Application for Transfer of Notice of Intention for the Ashley Creek mine from Ashley Creek Properties LLC to Utah Phosphate Company. The following items need to be adequately addressed before the transfer can be approved:

1. Please submit replacement map(s) showing the combined disturbance by both Ashley Creek Properties LLC and Utah Phosphate Company.
2. The Division requests that you submit a new page 1 of the Notice of Intention to Commence Small Mining Operations (NOI) listing in Section 1.2 a contact person who is one of the registered principals.
3. The transfer application is signed by Mike Palmer for Utah Phosphate Company, but he is not listed by the Utah Division of Corporations as a registered principal. Please submit either, 1) a replacement page 3 signed by one of the registered principals (except the registered agent), or 2) a letter signed by one of the registered principals authorizing Mr. Palmer to act on behalf of Utah Phosphate Company.
4. Submit a new page 4 of the Small Mine NOI which notes the combined disturbance by Ashley Creek Properties LLC and Utah Phosphate Company.
5. Submit a new reclamation contract (form MR-RC enclosed) signed by one of the registered principals (except the registered agent) registered with the Division of Corporations. Please contact the bonding coordinator, Penny Berry at (801) 538-5291 or bondcoordinator@utah.gov, if you have questions about this requirement or to obtain appropriate bond forms.

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Elizabeth Williams and Steve Horvat

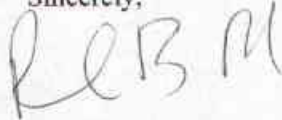
S/047/0105

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6. Replace the portion of the reclamation surety held by Ashley Creek Properties LLC. The amount of the surety cannot be calculated until the maps have been received. The current price for a ten-acre small mine escalated to 2016 is \$52,300. The transferor will receive their existing bond back after the transferee has submitted the remaining new bond amount.

If the above information is not received within 45 days of this letter, including reclamation surety, the transfer will be denied and a new application will need to be submitted. If you have questions regarding this letter, please contact me at (801) 538-5261.

Sincerely,

A handwritten signature in dark ink, appearing to read 'P. Baker' or similar, written over the word 'Sincerely,'.

Paul Baker
Minerals Program Manager

PBB: lah; eb

cc: WStokes@utah.gov

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